

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

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PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

W A R N I N G

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Summary of Events
15 - 28 July 1960

The USSR has offered to finance a large part of the foreign currency requirements of Afghanistan's Second Five Year Plan (1961-65). Survey work has already begun on two projects to be constructed during this period.

Iraq is negotiating a new military aid agreement with the USSR. A credit of \$6, 250, 000 reportedly is under discussion.

The USSR has announced that Czechoslovakia has signed an agreement with the United Arab Republic to build a lubricating oil manufacturing facility and a vacuum distillation unit for the oil refinery at Suez. Czechoslovakia will construct these plants as a subcontractor for the USSR.

Chinese Communist equipment for a spinning mill, the first in Yemen, was scheduled to arrive in Hudaydah during July. The factory, which is to be located at San'a, will produce cotton yarn from imported cotton. The Chinese technicians who will construct the mill expect it to be completed in 6 months, by which time those students now being trained in textile manufacturing in Peiping will have returned to Yemen.

Cambodia has reportedly negotiated a preliminary arms agreement with Communist China. In addition, military aid may be obtained from Czechoslovakia.

On 9 July, Indonesia and the USSR signed a 3-year trade agreement, which will be in effect during the period 1961-63. At the same time, the USSR announced details concerning the use of outstanding credits. Plans include further development of Indonesia's iron and steel industry and the construction of chemical plants. The USSR is also considering the possibility of resurrecting the grandiose Asahan hydroelectric and aluminum plant project in North Sumatra, a scheme contemplated by Dutch firms in the late 1930's but never undertaken.

India on 15 July signed a 3-year contract with the USSR to buy 1.5 million tons of Soviet petroleum products -- mostly kerosine and diesel oil -- valued at \$42 million. These products, which will be sold at prices below world market prices, are to be marketed through the state-owned Indian Oil Company. Payment to the USSR will be in rupees.

On 23 July, Communist China and Cuba signed a trade and payments agreement, a scientific and technical cooperation agreement, and a cultural cooperation agreement. The agreement specifies that China will purchase 500,000 Spanish long tons of Cuban sugar annually for 5 years.

The USSR has purchased 700,000 Spanish long tons of Cuban sugar at 3.25 cents per pound for shipment by the end of 1960. Payment will be 20 percent in hard currency and the remainder in Soviet exports. This transaction brings total Cuban sugar sales to the USSR in 1960 to 1.7 million Spanish long tons.

Antonio Nunez Jimenez, Executive Director of the Cuban National Institute of Agrarian Reform, recently stated that the Bloc has promised to assist in the construction of at least 57 industrial enterprises, including a steel mill of 1-million-ton capacity to be furnished by the USSR.

~~SECRET~~CONTENTS

	<u>Page</u>
I. Middle East	1
A. Soviet Offers of Assistance for Afghanistan's Second Five Year Plan	1
B. Iraqi Negotiations for Additional Soviet Military Aid	2
C. Bloc Participation in Refinery Projects in the United Arab Republic	2
D. Arrival of Chinese Communist Textile Mill Equipment in Yemen	3
II. Asia	3
A. Bloc Offers of Arms to Cambodia	3
B. Soviet-Indonesian Economic Relations	4
C. Soviet-Indian Petroleum Purchase Agreement	5
III. Latin America (Cuba)	5
A. Cuban Agreements with Communist China	5
B. Soviet Purchase of Cuban Sugar	7
C. Bloc Assistance in Building Cuban Factories	8

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Next 8 Page(s) In Document Exempt

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